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A. D. Longman
DEPUTY MINISTER

POST-WAR RECONSTRUCTION IN ALBERTA

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A Brief

PRESENTED BY

HON. ERNEST C. MANNING
PREMIER

to the

**Special Parliamentary Committee
on Post-War Reconstruction**

OTTAWA
NOVEMBER 26th, 1943

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POST-WAR RECONSTRUCTION IN ALBERTA

*T*he following is the complete text of the brief presented in behalf of the Alberta Government by the Hon. Ernest C. Manning, Premier, to the Special Parliamentary Committee on Reconstruction, Mr. J. G. Turgeon, chairman, in Ottawa, November 26th, 1943.

Mr. Chairman, and members of the committee: I appreciate very much this opportunity to place before you, as your chairman has requested, "a frank expression of opinion concerning conditions in Alberta" as I "expect them to be at the end of the war" and, as your chairman requested in his letter of October 12, "to make suggestions as to the best means to meet those conditions." I have

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read the interim report of your committee as presented to the House of Commons on June 23rd and have studied particularly the submission placed before you by Hon. Stuart Garson, Premier of Manitoba, on June 2nd. At that time he was advised that "primarily the job of this committee is to survey projects that will provide jobs." I must agree with Premier Garson's remark upon that occasion when he said, "as a matter of fact, the bottleneck today is finance."

Before we can plan for the post-war period in any particular, before we can plot our course for the development of natural resources and industries which may provide employment and incomes, we must survey those resources and opportunities which we now possess, examine what already has been done with them and ascertain what may be done to utilize them further. Finally, we must give careful consideration to those conditions or circumstances which may arise in the form of problems or obstacles as we proceed with our plans for improvement.

Therefore, my colleagues and I have planned to make this presentation by progressive steps under correlated headings consecutively arranged in order to save your time and to restrict our submission solely to those matters which concern this committee. Under the heading of physical assets, I intend to discuss (1) our natural resources, their extent and diversity, to show where, other things being equal, they could employ larger numbers of persons; (2) industrial development as it pertains to agriculture and other industries to show how they may be expanded and enlarged to provide more and larger incomes for those who may be engaged in them; (3) our transportation facilities and the problem of rate structures because this has a most important bearing upon the development of our natural resources and our industries; (4) a review of what may be undertaken in the expansion of public works in which many may find employment; and (5) the problem of social services, which although not a specific designation in the terms of reference of this committee, may provide a source of employment. In other words, my remarks upon this topic will be confined to the physical requirements involved, in the expansion of, for instance, education or hospitalization and health services rather than to discuss the nature or the need for such improvements. All of these matters may be classed as physical in contrast to those which may be classed as financial.

My submission in respect to financing will include suggestions which my colleagues and I consider essential to the implementation of those suggestions which pertain to the physical.

NATURAL RESOURCES

Extent and Diversity

Land

When we think of rehabilitating the members of our fighting forces, our thoughts turn first to land settlement and we are prone to look at the vast open spaces on the map and pin great hopes upon them. Actually, very little exact information is available regarding Alberta's agricultural lands. No doubt Alberta contains more land not in use and suitable for settlement than does any other Province but with the shortage of qualified personnel due to war conditions it would be impossible to undertake and complete a soil survey in time to meet the needs of post-war re-establishment. Obviously it would be unfair to expect the Province to finance the costs of such an extensive survey and soil classification as a part of a national land settlement programme. I cannot emphasize too strongly the imperative need for the accurate information which such a survey would supply if we are to effect an economical and permanent

settlement of our agricultural land devoid of all the errors and waste effort which marked a similar ambition after the last war.

The total area of Alberta is about 163.3 million acres of which 4.1 million acres are under water, leaving approximately 159.2 million acres. Alienations by title to railway companies, the Hudson's Bay Company, homesteads, soldiers' grants, sales, etc., account for some 48.4 million acres and there are under lease more than 4.4 million acres. Other dispositions for dominion parks, forest reserves and Indian reservations account for another 26.5 million acres which leaves an area of ungranted lands of approximately 79.9 million acres. Insufficient though they have been, exacting soil surveys reveal that we have about 12.5 million acres of brown soil, partly irrigated in the south of which 2.7 million acres are under cultivation. Experience indicates that under dry farming conditions no more land in the brown soil zone should be brought under cultivation. About 508,000 acres are under irrigation in that area and are practically all occupied, averaging 116 acres per farm unit. It is estimated that under irrigation schemes already surveyed, an additional one million acres might be brought under water economically. In addition there is the Pearce irrigation project on which the surveys as yet have not been completed, but which should add another large irrigable area. Assuming that one hundred irrigable acres are sufficient to maintain a family, a total of at least 9,600 additional families might be accommodated on the land already surveyed at an estimated average irrigation cost of approximately \$44.00 per acre. Experience indicates that this area would accommodate an additional population of about 80,000 persons engaged in distribution, industries and general business arising out of production from our land. It is imperative that the major portion of these costs be borne by the senior government.

As contrasted with the brown soil area, we have approximately 8.5 million acres of dark brown soil of which 4.2 million acres are fair to good arable land. About 3.8 million acres of this land are already under cultivation which leaves approximately 400,000 acres available for settlement so consequently there is not much room for big expansion in the brown soil areas.

The shallow black, black and transition zones (which lie between the black and grey wooded zones) contain an estimated 17 million acres of which 16.5 million acres are occupied and 8.7 million acres cultivated. There is no accurate information as to the amount of arable land within these zones but it is reasonable to assume that a considerable number of the ranches in the foothill district southwest of Calgary lie within the shallow black zone and could be cultivated, but only for the growing of feed. Furthermore, this soil is very susceptible to erosion. It would be very detrimental to the livestock industry to cancel these leases and make the land available for cultivation. This is a livestock district and it is necessary for each unit to be of sufficient size to support reasonably large herds on native grasses and to include also some cultivated area for feed growing purposes. It is probable that there are undeveloped parcels of black soil land in the Edmonton district which might take care of increased population and that a number of farms now operated by men of retiring age might be purchased by or for new settlers in this area.

Considerable attention has been focussed upon the Peace River and Grande Prairie districts in the northwest portion of Alberta. Excluding the area already occupied, it is estimated from reconnaissance surveys that there are about 5,500 quarter sections of parkland and first class grey wooded soils in the Peace River-Grande Prairie districts and that in this area there are also about 14,500 quarter sections of second class grey wooded soil. It is further estimated that there are 2,500 quarter sections of first class and 12,500 quarters of second class grey wooded soils in the Fort Vermilion district. This makes a total of 35,000 quarter sections available and suitable for settlement. When a road is completed between Hines Creek and Fort St. John, it will open up to the largest good area at present unsettled.

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At this point I wish to voice a note of warning expressed by informed persons who base their opinions on long and careful study and knowledge of the north. Great care and foresight will have to be exercised in the settlement of the Fort Vermilion area. Over a long period, the precipitation there has been approximately one and a half inches less per year than at Medicine Hat. However, due to the tree growth, the evaporation is lower and, consequently, a greater use is made of moisture. If the Fort Vermilion district were denuded of its trees, it is quite possible that drought conditions might result. Even now, sage brush is quite prevalent in the valley of the Peace River and cacti plants grow in several places also. Because of its dry climate, the winters in this area are no more severe upon human beings and live stock than are those of southern Norway which lies in the same latitude, yet the long summer days of the north often vie with the climate of Texas for heat and cloudless skies.

From all of these circumstances which, though based upon estimates and approximations only, are to the best of my knowledge fairly accurate, it will be clearly evident, that any reasonably effective settlement on some comparatively large scale in Alberta may be expected only in the Peace River and Fort Vermilion areas in the north and in presently unirrigated, irrigable, areas of the south. Such development in the north will depend largely upon the development of the richly mineralized areas of the MacKenzie River Basin and upon transportation facilities. The present construction road from Peace River to Providence and northward to Norman Wells may well be the forerunner of an important trunk highway which the present government of Alberta advocated as early as 1935 and in the building of which, in 1939, we co-operated with the dominion government on a dollar-for-dollar basis upon that portion of the route which lay within our jurisdiction.

The people of Alberta are keenly interested in and concerned about the development of the Mackenzie river basin. Because of our proximity to the vast wealth which it holds; because Alberta's industrial development in the future may depend so much upon those widely diversified and extensive metallic minerals which have been discovered there, we urge that the far north be protected from monopolization and exploitation by and for powerful vested interests at the expense of the people of Canada. We further trust that this committee will request, if not require, those presently responsible for the administration of the Northwest Territories to place before you, and therefore upon public record, all that is presently known about the resources and possibilities of those territories in order that this committee may include the far north in any recommendations which it may make for post-war reconstruction.

I have one more aspect which is important in respect to the problem of land settlement in Alberta. Settlement in the north of the province will depend upon sane land clearance which, no doubt, may be carried out in conjunction with settlement itself. Settlement in the irrigable areas of the south requires only the implementation of those irrigation projects already surveyed and recommended as practical post-war enterprises. In any land settlement program it should be remembered that besides soil there are other factors such as climate, social services, markets, transportation and so forth which should be considered.

In summarizing the potentialities for land settlement, I may say that the estimate of 9,600 families on irrigable land in the south is based upon factors which are more or less known. No such information is available when considering the settlement potentialities of the estimated 35,000 available quarter sections in the north. The average farm in the Peace River district contains about one section of land. On that basis and under existing conditions of markets and transportation it would seem unlikely that more than 9,000 families may be accommodated there. Therefore, I would urge extreme caution in proceeding with any plan which, including these two totals and a reasonable allow-

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ance for settlement on purchased land, involves the projected settlement of more than 20,000 families on land in Alberta during the post-war reconstruction period.

Forests

From the beginning of time, the watershed known as the east slope of the Rocky Mountains has been a most vitally important natural structure in western Canada and its forests are the most important and, at the same time, the most vulnerable of Alberta's natural resources. With agriculture in the lead, forests are Alberta's second largest revenue producer. Without them, the western prairies would long since have been a desert. I need not expand upon the functions they perform as conservators of moisture and regulators of our water supply. But it is apparent that policies governing forest areas throughout Canada are due for a complete overhauling. Our forests should be considered and treated as a sylvacultural crop, which they truly are, instead of a product to be mined. When such a policy is adopted and followed, our forests will hold an unexcelled promise of post-war settlement because instead of granting timber concessions to persons who take this generation's timber crop and leave the crop that rightfully belongs to the next generation to chance and a beneficent Providence, we will settle in our forests families of foresters and forest users to plant and raise timber upon the slashings of to-day even as our farmers plant and raise grain upon their stubbled fields and summerfallow. For the meagre consideration of the monetary return from a few timber berths, the province of Alberta bears the entire cost of guarding for the benefit of all the prairie provinces more than 14,000 square miles in the forest reserves and over 145,000 square miles outside the reserves. Statistics show that ninety-five per cent of losses from fire are due to human carelessness. It also is a fact that during the past decade those losses in Alberta have amounted to more than \$6,700,000 in damage to timber to say nothing about damage to soil, loss of wild life and fire fighting costs.

Our greatest difficulty in combating forest fires lies in the inaccessibility of many densely forested districts. To fight fires more effectively we must have more roads and more ranger stations; we must have better lines of communication; we must have a long term plan for reforestation, and we must have better facilities for research and experimentation. These problems provide a rich field for the energies and ingenuity of this committee.

The Alberta government has worked out calculations in connection with projects which should be carried out. On the building of roads in one forest reserve we have employment for 93,500 man days; on the erection of buildings and cabins we have 900 man days; on forest boundaries we have 400 man days; on the construction of trails 2,000 man days; on the construction and repair of telephone lines and radio service, 1,300 man days; on entomology and pest control we offer 400 man days; on planting 3,000 man days and on the creation of sample plots 375 man days or a total of 101,875 man days in the Crows Nest Bow River reserve alone. In the Clearwater reserve, on a similar basis for work on roads, cabins and building, boundaries, pastures, trails, towers, telephone lines and so forth we offer you 162,646 man days. Similarly in the Brazeau Athabasca reserve we offer you 17,460 man days. In the northern forested areas we have labour requirements for 280,321 man days. In short, sir, including those items which I have mentioned, we have calculated that we have immediately available post-war employment for 847,325 man days in nine forestry projects, and I may add that when this number of man days is expended further project can still be carried on. I trust that this is the sort of information you want. We have gone to considerable trouble and expense to supply it and our engineers and forestry experts have all the details which are at your disposal if

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you so desire. I do not propose to take your time now to expand upon them but we feel that these projects should be carried out.

Coal

It is estimated conservatively that more than 85 per cent of Canada's available coal reserves lie in Alberta but my colleagues and I are not prepared to suggest to what extent coal may enter into post-war rehabilitation and employment until we have more information about future federal and international industrial policies. In addition to using our coal as a source of heat and power, technological developments have advanced rapidly and widely in the realms of hydrogenation and hydroelectricity. Were I to adopt the short term viewpoint I might possibly lay before you the just claim of Alberta coal to a more prominent place in the markets of Ontario and thereby place before you all the arguments regarding subsidies and freight rates which are an old story. Rather would we say that, if it is more economical to Ontario and to the people of Canada as a whole to import Pennsylvania coal into the east, by all means do so but, if Providence has laid the lines of coal supply in the east from a southern field to a northern market, it should be borne in mind also that He has reversed the direction in the west by placing the supply in the north and a large market in the south and no man-created imaginary boundary can stand long in the future to thwart the economical exchange of resources between peoples who, in war, have learned to set boundaries and selfish interests aside. Alberta's coal should roll freely into Ontario of course, but it is even more logical in the natural economy that it should roll into Montana, the Dakotas, Wyoming and the Pacific Northwest States.

Our richest and more desirable coal reserves, still untapped by any kind of transportation, lie untouched beneath the eastern slopes of the Canadian Rockies and we trust that, when the time comes for them to yield their blessing to mankind, human ingenuity will have devised ways and means of production which will eliminate completely the burdens of human toil and the dangers to life and limb which are now the lot of those who labour in the pits.

From the viewpoint of post-war reconstruction, I may say that Alberta's coal mines presently employ approximately 9,000 persons, and this number could be doubled or trebled by the increase of industrial activity in Canada or by the subsidization of production and the readjustment of freight rate structures with which I will deal later under the headings of industrial development and transportation.

Immediate employment in respect to coal in the post-war reconstruction period may have more possibilities in the realm of chemistry. Upon the development of about 126 by-products of coal, as presently known, may rest the solution to many of our rehabilitation problems.

In Canada we are still in the horse and buggy days so far as scientific knowledge of coal and its uses are concerned. In other countries research workers are continuously working to get the maximum efficiency of energy and the largest possible number of products from coal. New tests by the United States Bureau of Mines have produced ammonium sulphate, benzene, toluene, tar, naphthalene and anthracene which are factors in the manufacture of explosives and other war materials. I would urge, therefore, an immediate and intensive investigation of Alberta's potentialities in respect to the manufacture of medical compounds, dyes and perfumes, etc. I project for your consideration the fact that a ton of Alberta coal supplied to an Ontario furnace may present a knotty freight rate problem but a ton of Alberta coal supplied to an Ontario debutante in the form of perfume may be shipped by air mail with greater largess to the producer and less danger to the miner. Unlimited possibilities lie in the field of research so far as Alberta coal is concerned and in this field of research alone, to say nothing of production, there lie innumerable opportunities

for the post-war employment of large numbers of Canada's student body who temporarily have set aside text books for rifles but whose specialized training should be efficiently utilized after victory for the good and welfare of mankind.

Oil, Natural Gas and Oil Sands

Geologists tell us that the largest natural gas closure in the world lies under the soil of Alberta, and that approximately 10,000 of Alberta's 30,000 square miles of oil sands which are immediately available for economical production hold the answer to the world's fuel supply problem for the next hundred years. In the development of these natural resources lie wide possibilities for the employment of persons within wisely devised plans for reconstruction and they, in turn, may give gainful employment to thousands of others engaged in industries dependant upon the conservative expenditure of these irreplaceable resources.

May I submit for your consideration at this point a few pertinent facts concerning the extent and value, at least, of the bituminous sands of the Athabaska River Valley, and their consequent potentialities for providing employment.

Geologists of the Dominion Department of Mines and Resources declare that, long after the deep well fields of Texas, California, Borneo, Russia, and the Near-East and South America have been exhausted, the bituminous sands of Alberta will be supplying the world's requirements of fuel oil. By exact tests by the United States Bureau of Standards the bitumen obtained from these sands is superior to any other for the manufacture of synthetic rubber because it has a ductility of 150 centimetres as compared with the ductility of from 11 to 15 centimetres of a similar product from the deep wells of Texas and other fields. The vision of 100,000 barrels of oil per day flowing through pipelines to tide water from the oil sands of the Athabaska River Valley is not a dream but an objective. In the development of these oil sands lies employment for thousands of our repatriates, not only in the sphere of production and refining but in those wide spheres of pipe line construction and maintenance, to say nothing about the limitless scopes of employment in subsidiary industries which require oil.

The chronic shortage of money is the only serious obstruction to the post-war paving of every highway and every airport in western and northern Canada with Athabaska oil sand asphalt which, by tests over the past twenty years, has been proven immeasurably superior and more durable than any yet produced by refineries of oil from deep wells. After this war, more than ample suitable road building equipment will be available and the materials are unlimited.

Salt, Silica and Clay

The salt beds of the MacMurray district whose yield averages approximately 99 per cent pure salt, and underlie a large area approximately 200 feet thick and at a depth of about 700 feet underground, have not yet been fully explored but from estimates based on presently known facts it is evident that this area contains some 30 million tons or sufficient to meet the entire demand of the dominion for the next 60 years on the basis of present consumption. These deposits may not, in themselves, contribute large opportunities for employment but they do hold great possibilities for employment in chemical and manufacturing industries.

Redcliffe and Medicine Hat plants are now producing a considerable amount of the glassware used in Canada but silica sand is being imported at great cost. There are large deposits of silica in the Banff National Park and within a few miles of both permanent highway and railway facilities. A regulation prohibiting mining operations within the park precludes the use of this silica at present but, since the production of silica does not, necessarily damage the countryside nor mar the beauties of the region, steps should be taken immediately to amend the regulations in this respect and place the

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Banff silica at the disposal of industry. Alberta's clays are numerous in variety and excellent in quality. Bentonite from Drumheller has replaced the imported product used as rotary drilling fluid in the drilling of deep oil wells. Potteries at Medicine Hat have been manufacturing clay products for many years and, of course, there is an ample supply of clay for the making of brick, electrical insulators and so forth. The further development and utilization of these resources will provide gainful employment to a large number of workmen who have gained industrial experience in wartime industries.

Fish and Game

Aside from the recreational aspects of fishing and hunting which employ permanent staffs of wardens and guardians, we have in Alberta a healthy condition in the commercial aspects of both fishing and fur farming. We now supply markets as far distant as Chicago and New York with white fish and other species taken from our deep, cold clear-water northern lakes and we need immediately, greater facilities for fish hatching and rearing and for experimentation. Alberta took the lead in searching for a solution of the infestation problem which is threatening to exclude us from the United States market. During the past year, the Dominion Government and the provinces of Manitoba and Saskatchewan also became alarmed and an investigating committee recommended that two experimental stations be set up, one to handle packing, shipping and marketing problems and the other to investigate further means to overcome infestation. We trust that, because of the lead we took in this work, the biological station will be placed in Alberta and that thus, it will be possible for us to employ a number of men, not only in the station but in investigation work to be carried out at a number of infested lakes. This work should be undertaken immediately because it is spade work which must be done before post-war expansion can take place. The construction of several new roads in the north has opened a large number of lakes for commercial fishing and it is expected that, after this war, a large number of aircraft will be available to aid in northern transportation. Aircraft have already been used extensively to bring out fish for the eastern markets so with these possibilities looming as post-war considerations, we may expect to employ a larger number of men in these occupations.

Aircraft also will play an important part in the exportation of fur from the north. In the further development of the fur trade and, particularly, fur farming, there may be considerable opportunity for greatly increased employment. Alberta now holds the second place among the provinces of Canada in respect to fur farming because its climatic conditions are excellent and there is an adequate food supply. Alberta has large areas of submarginal land, close to highways, railways and other social services which are suitable for fur farming and we can accommodate a large number of settlers who may desire to engage in this field. At present we have about 1,100 registered fur farmers and about 2,000 registered trap lines in Alberta and we could speedily and economically accommodate as many more with the possibility of further expansion as and when men adapted to these vocations can be trained.

INDUSTRIAL DEVELOPMENT

Agriculture

One difficulty in approaching the contribution which agriculture may make to post-war reconstruction is the lack of a clear understanding of the scope and component parts of agriculture. A clarification of the administrative concept or agriculture from a national and provincial point of view would do much to harmonize understanding and to secure united action.

In so far as Alberta is concerned, many activities pertaining to agriculture already have been dealt with, but within the field of employment and absorption of men from the armed forces and war industries, the following limited possibilities may be found within the field of agriculture.

(1) The establishment of three additional schools of agriculture to provide adequate agricultural training for men and boys reared on the farm and who anticipate entering agriculture as a vocation. Such schools would require a staff of approximately sixty persons, and would cost in the neighbourhood of \$750,000.

(2) The engaging of one hundred or more district agriculturists. This service should be based on approximately one district agriculturist to every eight hundred to one thousand farmers. Their responsibilities should be increased and should be more closely associated with basic problems affecting agriculture.

(3) It is estimated that approximately 10,000 dwellings should be constructed on farms as a prerequisite to hired help required upon the farms of the province. The providing of such facilities would greatly contribute to a solution of the farm labour problem.

(4) There is scope for the rebuilding or remodeling of approximately 20,000 farm homes to provide modern facilities and conveniences.

(5) The construction of 500 refrigerator lockers in rural communities for the conserving of food, etc., and the improvement of nutrition standards. Such facilities are highly desirable in rural communities.

(6) The appointment of municipal road supervisors to utilize unused road allowances for the purpose of providing feed and forage for emergency reserves in cases of drought or crop losses within municipalities. At present large areas of land are not utilized and are a source of weed infestation and constitute an economic loss. It is suggested that if municipal authorities would provide sufficient of these lands under contract they might become a source of revenue and a stabilizing factor in meeting emergencies.

(7) The conducting of surveys and investigations into agricultural resources, including land, forest, game and fish for the purpose of determining their most effective utilization.

(8) The establishment of a western division of the National Research Council to aid in the foregoing.

(9) The utilization of waste products from the farm, including straw, weed seeds, animal by-products and the establishment of reserves of feed grain, seed grain and fodder in years of surplus and low prices, to meet agricultural needs on a maintenance basis rather than a subsistence basis.

Arising naturally out of agriculture we have many industries such as meat packing, flour milling, sugar refining, woollen mills and so forth. In the majority of such industries Alberta has made splendid advancement during the past four years, admittedly due largely to war-time demands. Employment in many of these industries, particularly meat packing, has shown a marked increase. In fact in some of them we have experienced severe manpower shortages. At present 2,683 men and women are employed in 13 packing plants. If these industries are to continue to flourish and supply employment it is essential that those markets which they have gained and any assistance by way of bonus, subvention or freight rate considerations which they may have enjoyed, be maintained. We have followed with keen interest the words of experts on post-war food demands in Europe and elsewhere but there is a strong feeling throughout Alberta that, in order to rehabilitate many European peoples upon their own soil, markets which we have enjoyed will be opened to them by international agreements, and that, consequently our own industries will languish. It is self evident that if, for instance, our bacon market is to be returned to Denmark, other markets should be made available to our

producers and, since this involves international relations, the Dominion Government should take immediate action to this end. If our returned men are to be placed in employment it stands to reason that this task will be less complicated if the labour market can be kept cleared of those already employed. This applies particularly to the meat packing industry which, in turn, greatly increases the demand for farm labour and creates a healthy diversity in agriculture.

What applies to meat packing also applies to flour milling in which about 800 are employed in 95 mills. Dominion trade agreements must safeguard these industries by assuring continued markets.

Before passing on to sugar, wool and some other industries, mention should be made of the many employment possibilities which lie in the field of research. A dominion committee under the chairmanship of Dr. R. Newton, president of the University of Alberta, has been reviewing the possible uses of agricultural products in industry. Development of such industries would not only provide much employment but would add further stability to farming. Alberta's abundance of coal, natural gas, petroleum and so forth could be complimentary to such use of agricultural products. We recommend, therefore, that the Dominion Government establish in Alberta such experimental plants as will demonstrate the use of all such products in industry not only with a view to giving persons employment in such research but to increase the possible employment of others in all industries which might be expanded thereby.

Two sugar refineries in southern Alberta will produce about 120,000,000 pounds of sugar this year. Although dependent upon irrigation here is a kind of intensified agriculture which employs a relatively high number of employees per acre in cultivations. The production of sugar also requires the production of large quantities of coal, lime and so forth. Much can be done through improved methods and mechanization to expand this industry and thereby increase employment in it and in industries associated with it. We, therefore, recommend that the Dominion Government give every possible assistance to this end as part of its national post-war program.

The manufacture of woollens in Alberta if properly developed, could give steady employment to large numbers. Our climate is excellent and we have large tracts of land suitable for sheep raising. The local manufacture of a larger amount of goods from raw products of the farm not only can reduce agricultural production costs but can provide employment for an increasingly large number of persons in associated industries. The manufacture of woollen goods comes under this heading. It is possible that many skilled artisans in this industry who have been bombed out of homes and businesses in the United Kingdom might be keenly interested in re-establishing themselves and their craft in Alberta and that they, in turn, may provide employment for many others. We urge that the Dominion Government investigate this possibility carefully and intensively. We recommend that the Dominion Government consult with the various provincial departments of agriculture with a view to establishing an adequate long-term policy for the protection and encouragement of the sheep and wool industry in Canada.

One of Alberta's most serious problems is excessive freight rates which we are obliged to pay on our exported primary products and on our imported processed goods. While we insist that an equitable adjustment of the freight rate structure is necessary and imperative, we also contend that the situation can be greatly relieved by bringing industries to our sources of supply especially since they are adjacent to an abundance of natural fuel and power.

I have already mentioned our deposits of silica which is a very important resource in the manufacture of commercial glass on a large scale. It should also be recognized that there are unexplored possibilities in the manufacture of such articles as fine optical lenses, etc. The manufacture of such products

would give employment to more Canadian people and what is true here applies with equal force to the manufacture of chemicals and other commodities at the source of supply. Therefore we urge that the Dominion Government fully explore the rich fields of talent and skill which lie bombed out in the United Kingdom and in Europe with a view of encouraging artisans whose trade has been a family tradition for generations to come to our sources of supply in Western Canada. In this sphere lies our greatest hope for future industrial development on a sound and permanent basis.

Arising out of all these industrial opportunities comes the urgent need for orderly marketing if we are to reach and maintain the attainable high levels of production. We recommend that the Dominion Government enact marketing legislation which will assist in promoting orderly marketing.

In Alberta we have another industry which, if properly developed, will be a great asset in our post-war economy. I refer to our tourist trade. There is no better market for Canadian production than that which provides its own transportation, wipes away tariff barriers, and comes to our door to buy but takes away its product without expense to the seller. The tourist pays cash for what he buys and leaves in our hands the chief product which he came to enjoy, namely, our scenery and other tourist attractions. Alberta is most fortunate because within our borders lie the dominion's most magnificent and most extensive national parks and because of the direct benefits which we derive we shall be willing and eager in the future as in the past to contribute our share toward the development of this great industry. It is not by any means beyond reason to expect that within a reasonable period after the war the tourist trade in Alberta will be bringing from eighty to a hundred million dollars of foreign exchange into Canada, but, if it is to flourish to that degree and if it is to give permanent year-round employment to a large number of repatriated personnel, it must be promoted properly. We recommend that the Dominion Government encourage tourist travel on a scale larger than ever before by direct solicitation and publicity and facilitate its growth by the complete removal of red tape and petty irritations incidental to the entry of visitors to Canada particularly from the United States.

Arising out of war conditions and also incidental to the building of the chain of air ports linking Edmonton with the Yukon and Alaska and the accompanying construction of the Alaska Highway, there are now situated in Edmonton large establishments for the repair of aircraft. These are under the management of men long and well experienced in northern flying. Wide-spread aviation experience indicates that Canada will be an important avenue for world-wide air travel with Edmonton and other northern points playing important roles on these routes. The largest aircraft repair plant in Edmonton employs approximately 2,400 craftsmen and women. More than 75 per cent of the work done there is on aircraft whose flying time has expired and which must be completely overhauled and reconditioned before these craft may be put into service again. That type of work will have to continue after the war and if aerial transportation develops as expected in the post-war period, expansion rather than contraction of this work will take place. We recommend, therefore, that as part of Canada's post-war reconstruction program, provision be made to incorporate Edmonton's extensive aircraft repair establishments as component parts of Canada's participation in world-wide air transportation.

In developing a balanced economy in Canada as between agriculture and manufacturing and in determining tariff and fiscal policies it is imperative that the position of western Canadian industry be kept constantly in mind. Unfortunately this has not been done in the past. This has made for an unbalanced economy and has resulted in the neglect of the industrial utilization of the natural resources of western Canada. An impressive illustration of these facts is to be found in the compilation of war contracts awarded by the Department of Muni-

tions and Supply to June 30, 1943, which shows that more than 77 per cent of such contracts were awarded in Ontario and Quebec. Alberta's allotment has been only 1.6 per cent. The conclusion is inescapable that there should be a national program designed to decentralize industry. If it is your desire to assure maximum employment after the war, western Canada, and particularly Alberta, offers great possibilities under an equitable national program of industrial development. This brings us to the question of transportation.

TRANSPORTATION

Facilities

I do not propose to discuss transportation facilities at length because I assume that the railway and trucking companies will present to you their views on ways and means to increase employment in their own lines of business. The freight rate problem is so involved as to be positively bewildering to the lay mind, but you will agree with me that it is ridiculous that freight rates on coal from Drumheller to points within a 700 mile distance are 62 per cent higher than rates which apply on coal for a similar distance from Montreal.

Here is one of many similar cases in which this utterly fantastic situation is dramatically revealed. An eastern manufacturer of flannelette blankets can freight car loads of his product all the way over the mountains to Vancouver and then bring them back to Calgary or Edmonton cheaper than he can freight them to Calgary or Edmonton direct. The rate on this product in a cotton goods car to Vancouver is \$1.75 per 100 pounds. To Edmonton and Calgary the rate is \$4.53½ per 100 pounds. This actually permits the reshipping back from Vancouver to the town of Holden, 60 miles east of Edmonton, at a combined rate which is less than from eastern Canada to Edmonton. Canned goods move from the east to Vancouver for \$1.50 per 100 pounds but to Calgary or Edmonton the rate is \$1.98. On a ton mile basis, the Calgary rate is 200 per cent of the Vancouver rate. Similarly such commodities as baking powder, confectionery, dry goods, hardware and tools, boots and shoes, paints and varnishes enjoy relatively low commodity rates from eastern Canada to Vancouver but take the higher class rates to Alberta points. Barbed wire, an important item in farm costs, carries a rate of 75 cents to Vancouver but the rate to Alberta points is \$1.98.

The explanation given is that of ocean competition, but how valid is this argument? If a carload of barbed wire can be freighted to Vancouver for 75 cents because competition renders that rate necessary, by what stretch of imagination or justification can a rate of nearly \$2 be charged on the same load to Alberta? It is obvious that these discriminatory freight rates were framed to get for the railways all that they could, rather than what they should. Such a policy is not a foundation upon which a strong industrial Canada can be built and, what is of more immediate importance to this committee, it is not a policy which will permit the development of western industry to provide opportunities for employment after the war. Because of this aspect of the situation we suggest that it is the duty of this committee to take all necessary steps to assure that the entire freight rate structure be revised upon a basis which will be equitable to all parts of Canada. (References: Canadian Pacific Railway statements submitted to the Board of Railway Commissioners enquiry under P.C. 886 in 1925; R. A. C. Henry and associates in their submission to the Royal Commission on Dominion-Provincial relations pp. 253 to 265, schedule 25 on class rates... in effect 1898 to March 15, 1938.)

PUBLIC WORKS

Highways:

The Alberta government, through its Department of Public Works, has prepared an extensive program for the construction and maintenance of public

works as post-war projects to assist in the rehabilitation of our armed forces. However, for reasons which will be obvious to this committee, before the Provincial government can decide upon actual work on any or all of these projects, the policies and plans for the federal government to finance such projects should be clearly defined. Alberta's plans include not only construction and improvements of highways and bridges but also the construction of buildings, suburban electric lines and other necessary improvements of facilities for the betterment of social and economic conditions for all.

We are planning to increase our main highway system from the present 3,800 miles to 6,000 miles of which 3,000 miles will be properly surfaced with asphalt or concrete and 3,000 miles of gravel or stabilized gravel surface. The total cost will be about \$83,000,000.

At present we have 2,000 miles of district highways and we plan to increase this to 4,000 miles. This type of road will be of earth and gravel surface and the expenditure including all work and structures will amount to about \$15,000,000. About 500 miles of new hard surfaced tourist roads should be constructed as soon as possible to make accessible additional scenic beauty spots and to hold motorists in the parks for longer periods. Most of these roads lie within the national parks and are, therefore, Dominion projects but I mention them because they are also within our province. These tourist roads would cost about \$7,000,000.

Large areas of Alberta are in need of any kind of all-weather, or even development roads and we consider that a reasonable expenditure should be made on them. There are approximately 40,000 miles of local and development roads in Alberta and we plan to increase this to 50,000 miles. Expenditures on these development and local roads would amount to about \$15,000,000. That presents a total estimated expenditure of about \$120,000,000.

We believe that such a program of improvements could be extended, feasibly, over a period of 15 years with an annual expenditure of \$8,000,000 for construction of new roads and improvements to existing highways. Such improvements would consist largely of asphalt and concrete surfacing, bridges, drainage, landscaping and other refinements as required. In addition to the work of construction, the maintenance of these roads would provide considerable additional employment as indicated by an over-all maintenance cost of approximately \$1,500,000 per year.

The Alberta government also intends to make grants to municipalities for construction of municipal roads on a fifty-fifty basis and it is expected that these expenditures will amount to about \$500,000 annually.

With such expenditures for material and labour, it is confidently expected that, on road work alone, Alberta could employ at least 5,000 men per year on direct construction work and, in addition, give work to numerous employees of machinery, equipment and bridge companies and other concerns supplying the necessary materials and machinery. May I again emphasize that in order to carry out this program it is essential that satisfactory financial arrangements be made.

Buildings

The Alberta government has prepared plans for a program of building construction to cover a period of ten years. Omitting unnecessary detail, the following is a summary of the more important projects; (1) Buildings, wards, staff quarters, repairs to existing buildings, extensions to nurses home and construction of additional farm buildings at the Provincial Mental Hospital at Ponoka to cost \$925,000; (2) similar additions and improvements at the Provincial Mental Institute at Oliver \$1,325,000; (3) an administration building, a reception unit, and home for 100 nurses, two buildings for adult defectives, a building to house kitchen, baker, refrigeration and stores, a dining room,

purchase of additional land, etc., at the Provincial Training School for mental defectives at Red Deer, \$1,000,000; (4) a new tuberculosis sanatorium in Edmonton to accommodate 300 patients, staff, etc., \$900,000; (5) homes for the aged to be placed at various points throughout the province, \$500,000; (6) two industrial schools for incorrigible boys and girls, \$200,000;

At this point, I must stress the urgent necessity for the Dominion Government to make adequate provision for the criminally insane. Such provision should be made in connection with the penitentiaries. No such facilities are available at the present time and criminally insane persons are committed to Provincial Mental Hospitals which are in no way equipped to care for them. We urge, strongly, that the criminally insane should be the responsibility of the Dominion government. Provision for their accommodation, so far as Alberta is concerned, would involve an additional building project costing about \$100,000.

The total estimated expenditure for the projects enumerated amounts to \$4,950,000. However, in addition to these new projects, we need, for improvements to provincial jails \$1,500,000; for improvements to police buildings \$225,000; construction of thirty provincial buildings at \$45,000 each, or a total of \$1,350,000; normal schools and improvements \$2,500,000; numerous sundry buildings, \$500,000; maintenance and repair of buildings, \$6,500,000 or a grand total of \$17,550,000. This would give us an average annual expenditure of \$1,105,000 for capital outlay and an expenditure of \$650,000 annually for maintenance, or a total of \$1,755,000 which would provide regular employment for approximately 800 men on these projects alone.

In view of the fact that a large expenditure will also be made by private enterprise in building, it is considered that the sum of \$17,550,000 for the ten year program should be ample to take up the excess labour in the building trades.

In addition to these items, there are others in which the government of Alberta is directly interested wholly or in part. For instance, in the field of education we need \$7,000,000 for rural school buildings and \$1,500,000 for additions and improvements at the University of Alberta. The Calgary school board has placed its estimated requirements at \$785,000 and, informally, the Edmonton school board has placed its estimate at \$2,000,000. We have not yet received the estimates of the school boards of Lethbridge, Medicine Hat, Red Deer and Drumheller.

Provincial Parks:

The Alberta government has proclaimed eight areas as provincial parks and has reserved an additional fourteen parcels of land for the same purpose. A large amount of work must be done in them including clearing undergrowth, providing roads and camping facilities, building, landscaping and beautifying certain areas. Over a period of five years, at least four parks could be improved at an expenditure of \$10,000 each. We consider that an annual expenditure of \$40,000 for ten years should be made. Eighty per cent of this would go to labour. In addition, another \$30,000 should be spent on maintenance annually. This would make an expenditure of about \$70,000 annually for five years at least.

Irrigation Projects

Although they might be classed as agricultural and also as industrial, I have included irrigation projects under the heading of public works. I have already referred to their significance in respect to land settlement. I do not have to impress you further with their importance nor to expand upon their urgency in connection with employment in secondary industries.

You have already received the report of Mr. B. Russell consulting engineer for the P. F. R. A. as presented by Mr. George Spence, director of rehabilitation for the Dominion Department of Agriculture in connection with the water development projects in Alberta, Saskatchewan and Manitoba. I note that this report sets forth costs in some detail but that no mention is made of employment possibilities other than to say that approximately 60 per cent of the expenditure would go to labour, the balance going to machinery, materials, supplies and so forth.

We have under consideration six projects located in Alberta and which have already been surveyed. Our experts place the St. Mary-Milk River development first in importance because it serves a very fine tract of about 345,000 acres served by railway facilities and it is essential to use our share of the water available from the St. Mary and Milk Rivers which have been allotted to us by the International Joint Commission.

Under international agreement, the United States is presently using its share of this water. In order to secure the share which has been allotted to us, it is essential that immediate action be taken to develop the project. The St. Mary-Milk River project will cost approximately \$15,000,000 over a period of fourteen years under ordinary circumstances but, as a post-war project, this could be speeded considerably. This project could employ about 600 men per year for three years on the construction of dams and ditches.

By extensions to the Canada Land and Irrigation Company's works an additional 192,000 acres can be developed at a roughly estimated cost of \$3,500,000 and might employ 400 men for three years. Of these two projects, this would be the cheaper because much of the work has already been done. It has good railway facilities but the important international aspect does not enter into it. If undertaken on a planned basis, social services, schools and community life could easily be organized and the building of roads is easy in that area.

Other projects include the Aetna near Cardston to serve 8,000 acres and cost about \$185,000; the Macleod to serve about 10,000 acres at a cost of about \$240,000; the Carmangay project to serve about 10,000 acres at a cost of about \$175,000; and the Ross Creek to serve 1,000 acres at a cost of about \$30,000. Constructed simultaneously, these projects would employ, by rough estimate, about 1,200 men for three years. In addition to these the Pearce project which is now under consideration and upon which surveys have not been completed, would supply considerable additional employment and merit careful consideration.

Other smaller projects include storage reservoirs on Willow Creek near Stavely, at the Gap on the Oldman River near Lundbreck, at Spray Lakes near Banff, at the Gap on the North Saskatchewan River near Nordegg, and at the Gap on the Clearwater River near Rocky Mountain House. These projects would cost approximately \$7,000,000 and would employ about 1,000 men for three years on the basis of eight months to the year because operations may not be possible during the winter. Under various river channel improvement plans to protect private and public property from flood damage in such places as High river, Blairmore, Coleman and Macleod we would require \$40,000 annually for ten years and could employ a number of machine operators seasonally over that period. I may add that no water power surveys have been conducted in Alberta for a number of years and this work might provide employment for some parties of engineers and engineering students in science from our universities during vacation.

I would like to draw to your attention that in 1909 the dominion government started a system of stream flow recordings in Alberta and agreed to continue this work.

SOCIAL SERVICES

The Alberta government has kept constantly in mind the urgent necessity for improved health services and, in order that you may visualize the possibility for the employment of a considerable number of repatriated doctors, nurses and hospital personnel not only in Alberta but elsewhere, we are including mention of our health plans at this point. The government of Alberta provides free medical treatment and hospitalization for all pulmonary tuberculosis patients and also provides remedial treatment for victims of poliomyelitis. The province maintains two free diagnostic cancer clinics, and provides free treatment for curable cases. At the next session of the legislature, the government will introduce legislation to provide for the free hospitalization and care of maternity cases. We employ thirty-six district nurses to serve outlying communities where there is no access to hospitals or to the services of doctors and we have established thirty municipal hospital districts. We maintain a travelling clinic which visits rural communities to perform minor operations, supply dental and optical treatment, give instruction on nutrition and to immunize against contagious diseases. We have established nine district health units in each of which a doctor, a staff of nurses and a dentist is employed on a full-time basis. Despite these services already provided they in no sense meet the requirements of our people in this important field and it is essential that after the war such services be greatly expanded. Such expansion, necessary to the good and welfare of the people generally, will also provide numerous opportunities for employment of trained personnel. To this end we have now under consideration and advanced plan for health services involving six sections; (1) Administration, (2) Environment Sanitation, (3) Preventive Medicine, (4) Mental Health, (5) Hospitalization and (6) District Health Service. Twenty-three divisions under these sections would be necessary. It would require approximately 175 additional technical staff members to put this plan into effect. They would include health engineers, inspectors, supervisors, directors for each section, superintendents, nutritionists, physicians, surgeons and so forth. This plan envisions the opportunities which are available for the employment of highly trained professional talent and if similar plans were adopted elsewhere in Canada, particularly in the more densely populated areas, even greater opportunities for employment would result.

The cost of these services would be substantial but it would be small in comparison with their value.

Under the heading of social services comes the problem of farm home improvement. It is estimated that at least 100,000 farm homes in Alberta lack proper sewage facilities. To supply this demand at an estimated cost of \$1,000 per unit would provide an immediate market for about \$100,000,000 worth of sewage and plumbing equipment and fittings and this would provide a means of employment for a considerable number of persons even if the farmers themselves installed the units. Such a program, of course, would also provide a ready market for building materials and supplies and virtually nothing but lack of purchasing power stands in the way of development of these employment-giving markets. Town planning, and the establishment of recreational park areas in many districts would supply employment for resident engineers and architects and, likewise, possibly 100 supervisors of recreational activity might be employed almost immediately as a result of these developments. These matters are not to be considered as frills. They are essential adjuncts to social services directed at the proper elevation of our young people to full citizenship and in the continuous battle against juvenile delinquency and crime.

PART II FINANCE

1. It is the main argument of this submission that the central problem in regard to an orderly and effective reconstruction of the national economy following the war is financial. There is little difficulty in anticipating what economically useful enterprises should be undertaken. In this respect the wishes of the overwhelming majority of the people can be stated specifically in terms of industrial and agricultural development, of rural electrification and irrigation, of housing and transportation, of conservation, reforestation and recreation projects and of social security and wage conditions. There is no intrinsic problem in regard to these matters. They merely constitute questions requiring the application of the necessary technical knowledge to the organization of available physical and human resources. The problem which confronts every industrialist, every farmer, every municipality, every provincial government and every department of the federal government is: "How will these projects be financed?"

2. In approaching this question it is necessary to bear in mind that the financial system is primarily a mechanism,—in fact it is the mechanism,—for facilitating the organization of economic activity. The volume of money, the manner in which it is issued, the relation between purchasing power and prices automatically determine the volume and nature of production, the distribution of the products of industry, the conditions of trade and so forth. In short the manner in which the financial system is organized and operated determines the pattern of the economic structure. It is for this reason that the monetary aspects of post-war reconstruction are of preeminent importance.

3. It is conceded generally that it will be neither possible nor desirable to return to a pre-war economic system which resulted in mass unemployment, widespread poverty, general insecurity, and restricted production and trade. The impelling demands of war have resulted in economic expansion on a scale which has demonstrated the vast productive resources of this country that will be available for peace time development. It is a subject of common talk today that if, under the stress of war conditions, with three quarters of a million of the cream of our manpower diverted to the fighting forces, Canadian production can be stepped up to twice its pre-war level in the space of a few years, then it should be possible to divert industrial effort to provide an even greater volume of production in the post-war period. Furthermore, the average Canadian, who has a very direct approach to such matters, is asking why it is that in war time it is possible to give away—in fact, to force,—our products on the enemy, yet in peace time it is not possible to provide our own people with the food, clothing and decent homes which could be provided by an equal productive effort?

4. The outstanding features of the chaotic economic conditions which marked the period between the two world wars, reaching crisis proportions during the depression, constituted a paradox which cannot be lightly dismissed. While on the one hand there existed vast productive resources, as the war has shown, yet on the other hand, there existed widespread poverty and distress. While idle resources and unemployed manpower were outstanding features of conditions, yet the vast majority of people were insecure through lack of the goods which those resources and that unemployed manpower could have provided in abundance. While manufacturers were forced to restrict production for lack of markets, a vast potential market existed in the unsatisfied wants of Canadian consumers.

5. The greatest barrier between the people and the satisfaction of their requirements was the lack of purchasing power. If consumers had been able to go into the stores and buy the goods on sale, orders to wholesale merchants would have increased, wholesale merchants would have passed on this demand for goods to industry, industrial production would have been stepped up, employment would have expanded, an increased demand for primary products would have resulted. In short, the entire economy would have adjusted itself to meet the growing

demands of consumers and the majority of the existing economic problems would have disappeared.

6. Thus on even a cursory examination of the evidence of facts the conclusion is inescapable that the main cause of the economic distress during these pre-war years was monetary in nature, and was specifically due to a chronic shortage of purchasing power in the hands of the people. Moreover, emphasis is given to this by the fact that the persistent obstacle to all efforts to deal with conditions always presented the same question: "But where is the money to come from?"

7. With the outbreak of war it became necessary to not merely expand production but to readjust the entire economy to meet the demand for entirely different kinds of production required for war purposes. It was a task far more formidable than that which was presented by the economic collapse of the depression. However, nothing more was heard about the lack of money. What was physically possible was made financially possible, the national money supply was expanded and as the economy developed to meet the demands of war, many of the pre-war problems disappeared. This has led many people to imagine that the same monetary system and monetary manipulations being used for war purposes will serve peace-time requirements after the war. Were this the case, then in peace time it would be necessary to retain a large standing army of consumers producing nothing to correspond with the economic position of the fighting forces; to destroy a large part of the national production to correspond with the present destruction of war material; and to build up a rapidly pyramiding charge against future purchasing power in the form of public debt to correspond to our steeply mounting war debt.

8. Reference back to the operation of the economy prior to the war will show that in the various attempts made to overcome its defects similar action was taken, the outstanding example being the U. S. A., where producers were paid either not to produce or to destroy production, efforts were made to increase exports and to decrease imports, a large standing army of unemployed was maintained, incomes were distributed through vast public works schemes against which no consumer goods came on the market, while a huge and rapidly pyramiding debt structure continued to pile up claims against future purchasing power. All this was done in order to overcome the effects of a shortage of purchasing power. In war time economy there is no need to introduce these expedients: they are automatically forced upon the country. The steady expansion of industrial development, the increasing production of goods for destruction in the conduct of the war in relation to the goods produced for the consumer market, the decrease in available man power for production and all the other features of war conditions combine to obscure and overcome the shortage of purchasing power which the system generates. However, any attempt to use the same financial mechanism for readjusting the economy to peace-time conditions will immediately reveal its defects in an intensified form with disastrous consequences.

9. In the following synopsis of the adjustments in our monetary system which we consider are essential to meet the requirements of our national economy after the war, we have confined ourselves to fundamental principles:

(1) *National Control of Monetary Policy:*

Control of monetary policy automatically carries with it control over the entire economic life of the country. It is a sovereign power which, in a democracy, should be vested in parliament acting on behalf of the people.

Therefore, a national finance commission should be established, to be responsible to parliament through the Minister of Finance, (a) for the issue and withdrawal of all money (both currency and credit) in accordance with the nation's requirements and (b) for the administration of the monetary system in response to the will of the people.

Note: The Bank of Canada should be the means through which the national finance commission would operate.

(2) *Banks and Banking:*

It is manifestly undemocratic that the sovereign power of creating, issuing and withdrawing money or credit, thereby controlling economic policy, should be exercised by private institutions. This power vested in the chartered banks at the present time should be discontinued and the chartered banks should be elevated to the position of servants of the public under the effective control of the government.

Moreover it is an obvious absurdity that a democratic government vested with sovereign authority over the monetary system should be obliged to put the nation in pawn to the banks in order to borrow money for national purposes. In point of fact the position should be reversed.

Therefore, chartered banks should cease to create, issue and withdraw financial credit except as agents for the national finance commission, and they should be required to hold against all deposits a corresponding amount of cash, or, in lieu thereof, national credit certificates issued by the Bank of Canada.

(3) *Government Finance:*

As the custodians of the people's sovereignty and as the issuing authority for all money, parliament should no longer be entirely dependent upon taxation and borrowing for its revenue requirements.

Therefore, all money required for government expenditure, whether for purposes of financing reconstruction projects or for normal public services, should be issued on the instruction of parliament, by the Bank of Canada without debt to the nation. Taxation should be used primarily for the purpose of withdrawing surplus purchasing power as hereinafter provided.

(4) *Safeguards Against Inflation and Deflation:*

It is a basic principle of any scientific monetary system that money should be created and issued as goods are produced, and it should be withdrawn and cancelled as goods are consumed. Furthermore this should be done in such a manner that at all times the public should have purchasing power equal to the collective prices of goods on the market, wanted by the public.

If the total purchasing power is more than the total prices of goods for sale, a condition of "inflation" will at once become evident and must be rectified forthwith. If the total purchasing power is less than the total prices of goods for sale then a condition of "deflation" will immediately reveal itself and more purchasing power must be released to enable producers to obtain fair prices and overtake their production costs.

The principle of maintaining a balance between consumer purchasing power and the prices of goods for sale to consumers is fundamental to any sound monetary system, either in peace or in war.

Therefore, the national finance commission should be required to establish a proper system of accounting and, from time to time, ascertain the total prices of goods available for purchase by consumers and the total purchasing power of the public. Any surplus purchasing power should be withdrawn by means of an equitable system of taxation and any deficiency of purchasing power should be corrected by reduced taxation or by an increased issue of credit in the most equitable manner as authorized by parliament, *e.g.*, price subsidies, family allowances, health services, non-contributory security grants, etc.

(5) *Agriculture, Industry and Trade:*

Agriculture, industry and trade should be able to expand freely to provide the goods and services wanted by the public. Hence the financial requirements

of agriculture, industry and trade should govern monetary policy and not *vice versa*.

Therefore, adequate credit on equitable terms should be made available to agriculture, industry and trade to finance all wanted production.

(6) *Provincial Finances:*

Parliament, through the national finance commission, on an equitable basis and without infringing upon provincial autonomy, should issue to each of the provinces the money to enable them:

- (a) To finance post-war reconstruction projects coming within provincial jurisdiction;
- (b) To establish and maintain the high standard of social services to which the Canadian people are entitled.

In conclusion we respectfully urge that this committee give careful and serious consideration to these financial aspects of the problem of post-war reconstruction.

It is our firm conviction that the fundamental principles above referred to must be recognized and applied or the dominion and the provincial governments will find it financially impossible to implement many of the necessary post-war proposals now being prepared.

The reform of our monetary system along these sound and scientific lines not only will remove the present financial restrictions upon the implementation of these many desirable and physically possible post-war projects but also will enable the people of Canada to be assured of post-war economic security and a standard of living limited only by their aggregate productive capacity and the abundance of their material resources.

All of which is respectfully submitted.

(Signed) HON. ERNEST C. MANNING,
PREMIER.

